

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2021 of the property interests held by the Group.



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[REDACTED]

The Board of Directors
Global New Material International Holdings Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Global New Material International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 April 2021 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Due to the nature of the completed buildings and structures of property no. 1 in Group I, there are no market sales comparables readily available, the property interests have been valued by the cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

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In valuing the construction in progress for portions of property no. 1 in Group I and property no. 2 in Group II, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation.

We have valued the property interest in Group III which is held for future development by the Group by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC Legal Advisers — AllBright Law Offices Fuzhou Office, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

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We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in September 2020 by Mr. Jimmy Gu and Ms. Diana Yang. They have more than 4 to 8 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We are instructed to provide our opinion of values as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remains stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of these properties under frequent review.

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Our valuation is summarized below and the valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Notes: Eddie T. W. Yiu is a Chartered Surveyor who has 27 years’ experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

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SUMMARY OF VALUES

Group I — Property held and occupied by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		<i>RMB</i>		<i>RMB</i>
1.	Pearlescent Industrial Zone No. 380 Feilu Avenue Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	264,000,000	97.19%	256,582,000
	Sub-total:	<u>264,000,000</u>	<u>—</u>	<u>256,582,000</u>

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Group II — Property held under development by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		<i>RMB</i>		<i>RMB</i>
2.	Pearlescent Material Project under development located at the northwestern side of Xinliu Avenue (Duling Road Section) Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	279,000,000	97.19%	271,160,000
	Sub-total:	<u>279,000,000</u>	<u>—</u>	<u>271,160,000</u>

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Group III — Property held for future development by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date	Interest attributable to the Group	Market value attributable to the Group as at the valuation date
		<i>RMB</i>		<i>RMB</i>
3.	A parcel of land located at the southeastern side of National Highway G322 and the southwestern side of Mountain Guniang Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	39,300,000	58.35%	22,933,000
Sub-total:		<u>39,300,000</u>	<u>—</u>	<u>22,933,000</u>
Grand-total:		<u>582,300,000</u>	<u>—</u>	<u>550,675,000</u>

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VALUATION CERTIFICATE

Group I — Property held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2021 RMB
1.	Pearlescent Industrial Zone No. 380 Feilu Avenue Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	<p>The property is located at the southern side of the junction of National Highway G322 and Feilu Avenue in Liuzhou City. It is served by public transportation with 15 minutes’ driving distance to Luzhai Railway Station and Luzhai Bus Terminal Station, 50 minutes’ driving distance to Liuzhou Bailian Airport and 75 minutes’ driving distance to Liuzhou Railway Station. The locality of the property is a traditional industrial area served with public facilities.</p> <p>The property comprises two parcels of land with a total site area of approximately 99,688.20 sq.m., 10 buildings and various structures erected thereon which were completed in various stages between 2014 and 2015 (“Part A”).</p> <p>Part A has a total gross floor area of approximately 56,445.63 sq.m., mainly including 8 factories, an industrial office building, a dormitory and 9 structures. The structures of Part A mainly include gates, boundary walls, roads and ancillary facilities.</p> <p>In addition to Part A, the property also comprises 4 buildings which were being constructed on the land parcel of Part A as at the valuation date (“Part B”).</p> <p>Part B will be developed into 2 factories, an activity centre and an industrial office building with a total planned gross floor area of approximately 11,126.60 sq.m. and it is scheduled to be completed in December 2021.</p> <p>As advised by the Group, the construction cost of Part B is estimated to be approximately RMB48,000,000, of which approximately RMB38,700,000 had been paid up to the valuation date.</p> <p>The classification, usage and gross floor area details of the property are set out in note 5.</p> <p>The land use rights of the property have been granted for a term expiring on 20 December 2061 for industrial use.</p>	As at the valuation date, Part A was held and occupied by Guangxi Chesir Pearl for production, staff dormitory, canteen, storage and ancillary purposes whilst Part B was under construction.	264,000,000

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Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Lu Guo Yong (2014) Di Nos. 07-2110 and 07-2111, the land use rights of two parcels of land with a total site area of approximately 99,688.20 sq.m. have been granted to Guangxi Chesir Pearl Material Co., Ltd. (廣西七色珠光材料股份有限公司, “Guangxi Chesir Pearl”, a 97.19%-owned subsidiary of the Company) for a term expiring on 20 December 2061 for industrial use.
2. Pursuant to 19 Building Ownership Certificates — Gui Fang Quan Zheng Lu Zhai Zi Di Nos. D0067816 to D0067822, D0072518 to D0072526 and D0073288 to D0073290, 8 factories, an industrial office building, a dormitory and 9 structures with a total gross floor area of approximately 56,445.63 sq.m. are owned by Guangxi Chesir Pearl.
3. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 452223201200016 and 450223201500028 in favour of Guangxi Chesir Pearl, 3 factories, an activity centre, 2 industrial office buildings and a dormitory of the property (including Part B of the property) with a total gross floor area of approximately 32,564.51 sq.m. have been approved for construction.
4. Pursuant to 2 Construction Work Commencement Permits — Nos. 405223201208240701 and 450223201601190201 in favour of Guangxi Chesir Pearl, permissions by the relevant local authority were given to commence the construction of Part B of the property with a total gross floor area of approximately 11,126.60 sq.m.
5. According to the information provided by the Group, the gross floor area/planned gross floor area of the property is set out as below:

Property		Gross Floor Area/ Planned Gross Floor Area
Usage		(sq.m.)
Part A	Factory	39,582.32
	Industrial office building	8,712.34
	Dormitory	6,935.46
	Structure	1,215.51
	Sub-total:	56,445.63
Part B	Factory	1,936.09
	Activity centre	2,953.31
	Industrial office building	6,237.20
	Sub-total:	11,126.60
Total:		67,572.23

6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Advisers, which contains, *inter alia*, the following:
 - a. Guangxi Chesir Pearl has already applied for and obtained the valid State-owned Land Use Rights Certificates of the land parcel of the property. Guangxi Chesir Pearl is in possession of legal and valid rights of use of such land parcels, which are protected by the PRC laws. Guangxi Chesir Pearl has the rights to transfer, lease, mortgage or otherwise dispose of the land use rights of such land parcels in accordance with the law;
 - b. Guangxi Chesir Pearl legally owns Part A of the property; and
 - c. Guangxi Chesir Pearl has legally obtained requisite planning permits, commencement permits and environmental approvals of Part B of the property.

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Group II — Property held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2021 RMB
2.	Pearlescent Material Project under development located at the northwestern side of Xinliu Avenue (Duling Road Section) Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	<p>The property is located at the northwestern side of Xinliu Avenue (Duling Road Section) in Liuzhou City. It is served by public transportation with 20 minutes' driving distance to Luzhai Railway Station and Luzhai Bus Terminal Station, 45 minutes' driving distance to Liuzhou Bailian Airport and 60 minutes' driving distance to Liuzhou Railway Station.</p> <p>The locality of the property is a traditional industrial area served with public facilities.</p> <p>The property comprises 5 parcels of land with a total site area of approximately 148,713.70 sq.m., which will be developed into various workshops, warehouses, a production complex building and various affiliated buildings and structures with a total planned gross floor area of approximately 145,180.30 sq.m. and it is scheduled to be completed in December 2021.</p> <p>As advised by the Group, the construction cost of the property is estimated to be approximately RMB627,100,000, of which approximately RMB206,900,000 had been paid up to the valuation date.</p> <p>The land use rights of portions of the property have been granted for a term expiring on 30 August 2070 for industrial use. The land use rights of the remaining portion of the property have been granted for a term expiring on 31 August 2069 for industrial use.</p>	As at the valuation date, the property was under construction.	279,000,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Lu Zi Yuan Gui Hua Chu Zi (2019) No. 6 dated 1 July 2019, the land use rights of a parcel of land with a site area of approximately 38,199.90 sq.m. were contracted to be granted to Guangxi Chesir Pearl for a term of 50 years for industrial use commencing from the land delivery date. The total land premium was RMB9,400,000.
- Pursuant to 4 State-owned Land Use Rights Grant Contracts — Lu Zi Yuan Gui Hua Chu Zi (2020) Nos. 23 to 26 all dated 20 July 2020, the land use rights of 4 parcels of land with a total site area of approximately 110,513.80 sq.m. were contracted to be granted to Guangxi Chesir Pearl for a term of 50 years for industrial use commencing from the land delivery date. The total land premium was RMB27,960,000.

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3. Pursuant to a Real Estate Title Certificate — Gui (2019) Lu Zhai Xian Bu Dong Chan Quan Di No. 0005669, the land use rights of a parcel of land with a site area of approximately 38,199.90 sq.m. have been granted to Guangxi Chesir Pearl for a term expiring on 31 August 2069 for industrial use.
4. Pursuant to 4 Real Estate Title Certificates — Gui (2020) Lu Zhai Xian Bu Dong Chan Quan Di Nos. 0005916 to 0005918 and 0006472, the land use rights of 4 parcels of land with a total site area of approximately 110,513.80 sq.m. have been granted to Guangxi Chesir Pearl for a term expiring on 30 August 2070 for industrial use.
5. Pursuant to 7 Construction Work Planning Permits — Jian Zi Di Nos. 450223202000167 to 450223202000173 in favour of Guangxi Chesir Pearl, the property with a total gross floor area of approximately 142,172.30 sq.m. has been approved for construction.
6. Pursuant to 7 Construction Work Commencement Permits — Nos. 450223202012160201, 450223202012160301, 450223202012160401, 450223202012160501, 450223202012160601, 450223202012160701 and 450223202012160801 in favour of Guangxi Chesir Pearl, permissions by the relevant local authority were given to commence the construction of the property with a total gross floor area of approximately 145,180.30 sq.m.
7. In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The land prices of these comparable land sites ranges from RMB250 to RMB270 per sq.m. basis for industrial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Advisers, which contains, *inter alia*, the following:
 - a. Guangxi Chesir Pearl has already applied for and obtained the valid Real Estate Title Certificates of the land parcels of the property. Guangxi Chesir Pearl is in possession of legal and valid rights of use of such land parcels, which are protected by PRC laws. Guangxi Chesir Pearl has the rights to transfer, lease, mortgage or otherwise dispose of the land use rights of such land parcels in accordance with the law.

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Group III — Property held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2021 RMB
3.	A parcel of land located at the southeastern side of National Highway G322 and the southwestern side of Mountain Guniang Luzhai County Liuzhou City Guangxi Zhuang Autonomous Region The PRC	<p>The property is located at the southeastern side of National Highway G322 and the southwestern side of Mountain Guniang in Liuzhou City. It is served by public transportation with 15 minutes’ driving distance to Luzhai Railway Station and Luzhai Bus Terminal Station, 50 minutes’ driving distance to Liuzhou Bailian Airport and 75 minutes’ driving distance to Liuzhou Railway Station. The locality of the property is a traditional industrial area served with public facilities.</p> <p>The property comprises a parcel of land with a site area of approximately 42,467.20 sq.m. which is planned to be developed into a new industrial plant. The construction of the property had not been commenced as at the valuation date.</p> <p>The land use rights of the property have been granted for a term expiring on 26 April 2070 for industrial use.</p>	As at the valuation date, the property was bare land.	39,300,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Lu Zi Yuan Gui Hua Chu Zi (2019) No. 15 dated 25 October 2019, the land use rights of a parcel of land with a site area of approximately 42,467.20 sq.m. were contracted to be granted to Luzhai Chesir Pearl Mica Material Co., Ltd. (鹿寨七色珠光雲母材料有限公司, “Luzhai Chesir Pearl”, a 58.35%-owned subsidiary of the Company) for a term of 50 years for industrial use commencing from the land delivery date. The total land premium was RMB10,400,000.
- Pursuant to a Real Estate Title Certificate — Gui (2020) Lu Zhai Xian Bu Dong Chan Quan Di No. 0001559, the land use rights of a parcel of land with a site area of approximately 42,467.20 sq.m. have been granted to Luzhai Chesir Pearl for a term expiring on 26 April 2070 for industrial use.
- In undertaking our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The land prices of these comparable land sites ranges from RMB250 to RMB270 per sq.m. basis for industrial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at the assumed unit rate.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Advisers, which contains, *inter alia*, the following:
 - Luzhai Chesir Pearl has already applied for and obtained the valid Real Estate Title Certificates of the land parcel of the property. Luzhai Chesir Pearl is in possession of legal and valid rights of use of such land parcel, which are protected by PRC laws. Luzhai Chesir Pearl has the rights to transfer, lease, mortgage or otherwise dispose of the land use rights of such land parcel in accordance with the law.